

**Bush's tax cuts drive nation deeper into debt**  
**By Sen. Kent Conrad (D-N.D.)**

Imagine that you are deep in debt, you face major expenses in the coming months, you have saved only a portion of what you need for your retirement, and you are pressed by your family for a financial plan. Your response? Instead of deciding to work harder, save more, and pay off your debt, you urge your family to run up your credit card balances with expensive gifts for your wealthiest friends. Sound ludicrous? It is, except this mythical family budget scenario is a lot like what President Bush and the Republican majority are proposing for our nation's finances.

First, we already face deep deficits. Under the President's budget plan, deficits are expected to exceed \$500 billion, excluding Social Security, next year alone. And those deficits are projected to continue for as far as the eye can see. The \$5.6 trillion projected ten-year surplus has been wiped out in the two years since the President took office, replaced with a projected \$2.1 trillion deficit.

Second, we will soon need to confront the substantial expense for the Iraq war, including the costs for fighting, occupation, reconstruction, and humanitarian assistance. The Bush administration's \$75 billion war supplemental request is clearly only a down-payment on a conflict that could cost hundreds of billions of dollars. The mounting price tag for the ongoing global fight against terrorism and protecting the homeland will only compound our near-term financial crunch.

And third, in just a few years, the nation will begin to see the first wave of the retiring baby boom generation, with an explosion in costs to Social Security and Medicare that will strain our country's resources to a degree that we have never seen before.

Instead of responsibly seeking to bring our budget back into balance and preparing for these tremendous fiscal challenges, the President and most Republican members of Congress have pushed for another massive round of tax cuts for the wealthiest, digging our deficit hole even deeper. In effect, they want us to run out and buy those gifts for our wealthiest friends, regardless of the fiscal damage it would do. Amazingly, the President's budget proposal called for a total of \$1.6 trillion in additional tax cuts over the next ten years, which would actually cost over \$1.9 trillion including the added interest expense.

Unfortunately, the Republican majorities in both the Senate and House chose to include the bulk of the President's tax cuts in their budget resolutions. Although Democrats, along with a few Republican moderates, were able to reduce the tax cuts allowed under the Senate budget resolution to \$852 billion, this still represents far more than the nation can afford.

And, despite claims from the Bush administration and many Republicans that these tax

cuts are needed to help the ailing economy, the President's proposed revenue reductions are so large and so poorly structured that they will actually hurt long-term economic growth. Instead of providing real stimulus for the economy now, when it is needed, the President's plan includes only \$40 billion of stimulus this year. The huge out-year cost of the plan will drive up the deficit, raise interest rates, crowd out private sector investment, and slow long-term economic growth.

It doesn't have to be this way. By making the right choices now, such as replacing the President's reckless tax cuts with a real economic growth plan – focused on providing stimulus up-front, when it is needed – we can create jobs and bring back fiscal responsibility and balanced budgets. We can do that while still investing in priorities and beginning to prepare for the coming demographic tidal wave of retiring seniors.

That is exactly what Democrats in the Senate and House proposed. The Senate Democratic budget alternative, for example, would have resulted in \$1.2 trillion less in deficits over the next ten years than the President's plan. And unlike the President's budget plan, which would never reach balance, the Senate Democratic alternative would have brought us back to surplus by 2011, and would have done so without harsh and unrealistic funding levels for priorities such as the war with Iraq, homeland security, education, veterans, transportation, and a prescription drug benefit.

Just as your household budget has to add up, so too should the nation's budget balance, over time. While you can spend more money than you have in income for a while, eventually, the bills must be paid. The same is true with our great nation; eventually the bills will come due.

If we continue to irresponsibly grow our deficits and debt, as the Bush administration proposes, the country will be plunged off a fiscal cliff that will undermine our fiscal strength and our nation's future. We must reverse this dangerous course before it is too late.

*Conrad is the senior Democrat on the Senate Budget Committee.*